

Tuesday, August 19, 2003

**Testimony Before the House
General Farm Commodities and Risk Management Subcommittee on Agriculture
Review of Crop Insurance and Commodity Programs**

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National Barley Growers Association**

Thank you Congressman Peterson, for this opportunity to appear and testify before the subcommittee regarding crop insurance issues. My name is Robert Rynning. I operate with my brother a small grains farm near Kennedy, Minnesota where we grow barley, canola, wheat, soybeans... I am also the President of the National Barley Growers Association (NBGA).

First of all, I want to inform the subcommittee about promising trials being conducted by the Grain Inspection, Packers & Stockyards Administration (GIPSA) that, if adopted, will improve how pre-harvest sprouting is determined in malting barley.

Pre-harvest sprouting is a serious quality concern for malting barley producers as well as a significant problem with regard to crop insurance coverage due to different evaluation methods used by the malt industry and the Risk Management Agency (RMA). Industry widely uses a pearling test to determine sprout damage. However, RMA determines sprout damage under the standards used by GIPSA, including visual inspection. Sprout damage that is not apparent under a visual test is often found when the barley is pearled.

GIPSA, by law, must use uniform evaluation methods when grading grain, and is working with the American Society of Brewing Chemists (ASBC) to conduct a study that will collaboratively test the accuracy of various methods used to determine sprout damage. As a result of this study, GIPSA may adopt a new quality factor – “Injured by Sprout” – that would join “Sprout Damage” in their grain standards. The difference between the two would be that “Injured by Sprout” would be determined by a standardized pearling test and “Sprout Damage” would be determined through the current visual inspection.

The NBGA supports these efforts and urges GIPSA to adopt these standards for determining pre-harvest sprout damage as soon as possible so that the RMA will be able to provide more adequate protection to malting barley producers.

NBGA is also concerned about the disparities of coverage for malting barley producers with regard to Option A and Option B.

Under Option A, coverage is available only if the producer can document at least four years of malting barley production history – including years in which an approved malting variety was grown but was sold for feed. The malting barley yield under Option A is determined by taking total malting barley production for that four year period divided by the total acres planted to a malting variety – even if production on some of those acres did not make malting grade. This obviously reduces the level of protection. In addition, coverage can be bought for no more than 125% of the acreage that was certified for malting barley production in any crop year of the previous four years. Finally, the additional price election is limited to \$1.25 per bushel. These requirements combine to limit the usefulness of Option A.

Option B coverage requires a contract with a brewery or malting company. The amount of coverage available is the lesser of: (1) the APH yield times the percentage of elected coverage, or; (2) bushels per acre contracted times the percentage of the elected coverage. The additional price election is limited to \$2.00 per bushel. While Option B provides good coverage, not all producers have access to contracts from a brewery. Left with only Option A for protection, producers are less inclined to grow barley.

The NBGA supports modifying the requirements to obtain Option A coverage for malting barley. Not all producers are able to obtain the contracts required by Option B because their farms are too far from the available delivery points. However, they do pay for the added expense that is required to produce malting barley, including the cost of certified seed, soil testing to ensure proper nitrogen levels, and fungicide applications to combat fusarium head blight – the cause of high Deoxynivalenol (DON or vomitoxin) levels. Producers often produce malting barley that is contracted or sold to local elevators, even when they do not have Option B coverage. Therefore, the NBGA supports as an alternative within Option A, a procedure that would allow a producer to validate expenditures to verify the intent to grow malting barley as a means of obtaining adequate malting barley coverage when brewing or malt company contracts are not available.

NBGA is also concerned with the disparity between the maximum protein percentage allowed by RMA's malting barley crop insurance quality tables and industry's maximum allowed percentage. RMA tables currently allow 14% protein, while in most instances; the maximum allowed by industry is 13.5%. NBGA urges RMA to harmonize the maximum protein percentage allowed, as well as all other quality factors, with industry standards for malting barley.

In closing, I want to thank you again for allowing me to testify before the subcommittee on these matters. Thank you.

Robert Rynning, President
National Barley Growers Association